

# Philanthrocapitalism as wealth management strategy: Philanthropy, inheritance and succession planning among the global elite

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## Abstract

In the resurgence of interest in inheritance flows following the publication of Piketty's work, little attention has been paid to the affective practices that ensure the success of inheritance processes as wealth moves down generations of dynastic families. This article explores these practices, drawing on research among wealth managers, philanthropy advisors, family offices and their clients, to show how philanthropy is promoted by advisors to the wealthy as a tool to support inheritance and family business succession planning. In this process, advisors draw on the philanthropic imagination to style wealthy families as custodians of both private capital and the common good, thus mirroring the narratives used by philanthrocapitalists to legitimise their wealth in the public sphere. Here, however, the discourse of philanthrocapitalism is turned inwards to the private realm of the family, to persuade younger generations to rally around the collective project of the custodianship of wealth. By bringing together research on philanthropy and inheritance, this article contributes to the growing sociological literature on elites and the global inequalities driven by their accumulation of wealth. It shows how wealth accumulation is increasingly dependent not only on the mechanics of financial markets and inheritance flows, but also on affective wealth management strategies framed around ethical notions of kinship and social responsibility.

## Keywords

elites, family offices, inheritance, philanthropy, wealth managers

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In a glossy magazine produced by WISE philanthropy advisors, sandwiched between advertisements for a luxury jewellers and a monogrammed fountain pen, sits an article entitled 'Family business: What can philanthropy bring you?' The article quotes Joachim Schwass, professor emeritus of family business at the Swiss Institute for Management Development, who notes, 'We have found that the families who survive over many generations, in addition to the business focus, have a very strong focus on the development of the family. Philanthropy can be a great platform for this' (Johnsson, 2013, p. 8). 'Families who survive' refers here to the endurance of dynastic wealth, often supported by the financial success of multi-generational family businesses. In this article, we explore how wealth management strategies for ensuring this 'survival' draw on philanthropy, promoting its practice as a tool for managing inheritance and family business succession.

The growing accumulation of wealth among the global elite, and the accompanying rise in inequality around the world, have by now been well documented (see e.g. Oxfam, 2018). In response, the last decade has seen a surge of interest in the super-rich from across the social sciences (e.g. Abbink & Salverda, 2013; Birchnell & Caletrío, 2014; Cousin et al., 2018; Hay & Beaverstock, 2016; Savage & Holmwood, 2014; Skeggs, 2015). This article engages with two themes found within this research, but rarely examined in relation to each other: inheritance and philanthropy. Led by Piketty (2014), research on elites has begun to acknowledge how earlier patterns of inheritance have once again become central to the consolidation of wealth among global elites. Scholars have also noted, however, that inheritance is not an automatic process, but rather a deeply laboured one that is laden with complex and affective family dynamics (Yanagisako, 2015). Work on the burgeoning industry of wealth management has shown that professional advisors to the elite are well aware of this, and are explicitly focused on designing strategies to help their wealthy clients manage these processes (see e.g. Harrington, 2016, pp. 161–171). In parallel, research on elite philanthropy – and particularly its contemporary reincarnation in the form of 'philanthrocapitalism' – has shown how elites draw on their charitable activities in attempts to publicly demonstrate the legitimacy of their growing wealth (McGoey, 2012; McGoey & Thiel, 2018).

In this article, we bring together these themes through a review of literature by wealth managers and philanthropy advisors, supplemented with observations from our respective ethnographic research projects on philanthropy and wealth management. We argue that the promotion of family philanthropy as a 'succession planning strategy' mirrors the discourse of philanthrocapitalism, in its attempt to legitimise the extreme accumulation of wealth among the super-rich. In the work of wealth managers and philanthropy advisors, however, we see the public discourse of philanthrocapitalism turned inwards towards the *private* sphere of the elite family, in attempts to persuade younger generations to unite around the collective project of the preservation of family wealth. In making these arguments, we do not mean to suggest that philanthropic elites see succession planning as the only or even the priority objective of their philanthropy. The philanthropists we met during the course of our research projects were clearly motivated by ambitions to alleviate poverty and other social ills. We are concerned, rather, to understand the seemingly incongruous pursuit of these aims alongside the parallel objective of drawing on philanthropy as a tool to aid inheritance processes.

By bringing together research on philanthropy and inheritance, this article contributes to the growing sociological and anthropological literature on the ascension of global wealth elites and the inequalities they leave in their wake. Specifically, it examines how the mechanics of capital accumulation driven by financial and productive markets and – increasingly – by inheritance flows are supplemented by other, laboured strategies enacted in the realm of the *family*. We demonstrate that, like financial strategies, these strategies for the ‘custodianship’ of wealth are equally dependent on the advice of wealth managers. In this family realm, however, wealth managers’ advice draws not on the rules of finance, but rather on ethical (and philanthropic) discourses of kinship and the common good.

We begin this article by examining how critical literature on inheritance and philanthropy has revealed the role played by these practices in (respectively) consolidating and legitimising the accumulation of wealth. We then describe how these themes emerged in the research on which this article is based. In the next section, we examine the parallel industries of wealth management and philanthropy advising, before going on to explore the ways in which family philanthropy is promoted as a succession planning strategy in literature produced by advisors in them both. We conclude by arguing that this strategy serves to frame elite heirs as custodians of both private capital *and* the common good, thus turning the discourse seen in the public pursuit of philanthrocapitalism inwards towards the elite family.

## Inheritance and elite family ‘survival’

Piketty’s (2014) seminal *Capital in the Twenty-First Century* has evidenced the return of inheritance as the principal mechanism for wealth accumulation among the global elite, driving the nail into the coffin of any enduring belief in the power of meritocracy to shape class relations in contemporary societies. Data on the scale of the intergenerational wealth transfer currently underway are truly staggering. In the USA alone, where according to Piketty (2014, pp. 427–429) the relevance of shifting inheritance flows on the overall distribution of wealth has been *less* marked than in Europe, it has been estimated that US\$32 trillion (net of estate taxes and closing costs) will pass directly to heirs over the 55-year period from 2007 to 2061 (Havens & Schervish, 2014, p. 5).

One element of the renewed interest in inheritance following the publication of Piketty’s work, however, has been the observation that inheritance is not an automatic or purely transactional process, but rather a socially and culturally dependent one that is tightly bound up in relationships of family and kinship (Glucksberg, 2016, pp. 10–17; Harrington, 2016, pp. 205–217). Yanagisako (2015, pp. 493–494) has noted that:

Piketty does not delve into the intimate, affective, and gendered processes through which wealth becomes patrimony and patrimony becomes capital, thus missing an opportunity to trace how kinship and capital accumulation work in tandem to produce the structural division of class. (Yanagisako, 2015, p. 494)

Where scholars *have* paid attention to the affective aspects of inheritance, they have shown the complex interplay between generations in the passing down of wealth. Kuusela

(2018, p. 1167) has described the ‘cross-generational nature or loan-like character of . . . inherited wealth’, the idea that inherited wealth rightly belongs to the abstract entity of the family, and is merely ‘on loan’ to individuals in each successive generation. In consequence, individual members of each generation should ideally feel an obligation to preserve the wealth on loan to them, in order to secure the ‘rights of the next generations’ (Kuusela, 2018, p. 1168) to inherit and serve as custodians of the family fortune. Khan (2016, p. 4) makes a similar point when he argues that, ‘for elite families to become influential, in the long run, they must be institutionalised. . . . The resultant vision is not one wherein elites are actors realizing their ends. Instead, they are structurally constrained in order to sustain other ends.’

Problems often arise, however, in the form of young inheritors reluctant to take on this task, seeing custodianship of the family fortune and/or family business as an unsolicited burden (Harrington, 2016, p. 216; see also Marcus, 1992, pp. 174–175). In the context outlined above, reluctant or financially ‘irresponsible’ heirs put into jeopardy not only their own access to wealth, but also the very ‘survival’ of the family as an (elite) dynastic entity. These are very real concerns for elite families. Management consultants PwC (2016, p. 4) report that ‘despite the extraordinary longevity of some individual family firms, the average life-span across the sector is three generations. Typically, only 12% make it that far, and the number getting past four generations falls to as low as 3%.’ In her work on family firms in the Italian textile industry, Yanagisako (2002, p. 35) also reports that many business families express fear that their ‘third generation’ will fail to ensure the continuation of the family firm.

From this perspective, the goal of inheritance processes emerges not only as that of providing financial benefit to individual inheritors, but of protecting family wealth from potential dissipation at the hands of ‘irresponsible’ members of younger generations (see Harrington 2016, pp. 214–217). Ensuring the smooth transition of capital from one generation to the next thus becomes an explicit objective (Kuusela, 2018, pp. 1170–1173). Strategies engaged in the pursuit of this aim must be designed not only to ensure that younger generations are equipped with the necessary expertise to ‘manage’ and grow capital, but also to imbue inheritors with a sense of duty and responsibility towards the preservation of the family’s wealth. As we will discuss below, much of the work of wealth managers is dedicated to the design of these strategies; as one of this article’s authors has noted elsewhere, wealth managers understand their work for wealthy clients not only in terms of ‘preparing the money for the children’ but also of ‘preparing the children for the money’ (Glucksberg & Burrows, 2016, p. 16).

## **Philanthropy: Elite legitimacy and influence**

While literature on inheritance has demonstrated how elites strive to ensure the endurance of their family fortunes, literature on philanthropy has thrown light on how elites make claims for the *legitimacy* of their wealth. These processes are bound up with the assertion of elite identity and class status (see e.g. Odendahl, 1990; Ostrower, 1995). Studies on elite philanthropy spanning several decades – and mostly focused on the USA – have also shown how institutionalised philanthropy has served as a vehicle through which wealthy elites have exerted influence in their own interest (Parmar, 2012; Roelofs,

2003). Philanthropic foundations played a central role in the formulation of ideology in the USA during and beyond the progressive era, and in foreign policy and the expansion of American imperialism throughout the twentieth century. Led by what were America's three biggest foundations at the time – Rockefeller, Carnegie and Ford – this influence was achieved in large part through funding of institutions such as the Council on Foreign Relations (Parmar, 2002; Shoup & Minter, 1977) and of universities, where philanthropy directly shaped the development of research agendas (Chomsky et al., 1997).

More recently, critical scholarship in this vein has resurfaced in response to the rise of 'philanthrocapitalism', a concept developed by Bishop and Green (2008) in their book of the same name. Based on the idea that philanthropists are leading a new movement of social change via the application of corporate practices to social problems, these authors claim with alarming hubris that, 'today's philanthrocapitalists see a world full of big problems that they, and perhaps only they, can and must put right' (Bishop & Green, 2008, p. 2). Critical commentators (see e.g. Brooks, 2015; Edwards, 2010; Kohl-Arenas, 2016; McGoey, 2012, 2015) have pointed to philanthrocapitalism's obsession with market-based solutions, and its tendency to locate the problem of poverty in the realm of individual behaviours among the poor. Both trends serve to shift focus away from how patterns of poverty are upheld by the structures of socio-economic inequality inherent to global capitalism, perpetuating the belief that the growing wealth of global elites plays no part in the reproduction of the myriad social problems that elite philanthropists seek to alleviate (Glucksberg & Russell-Prywata, 2020).

A central aspect of philanthrocapitalism has been the attempt to reconfigure philanthropy as a for-profit activity, led by renowned philanthropists such as Bill and Melinda Gates, and Facebook's Mark Zuckerberg and his wife Priscilla Chan. Zuckerberg and Chan have chosen a limited liability company over a traditional charitable foundation as the vehicle for their philanthropy, enabling them to donate to and invest freely in other companies, unencumbered by the laws governing foundation grant-making (Rhodes & Bloom, 2018). Meanwhile, the Gates Foundation has made significant charitable – tax deducted – donations to market-based development initiatives led by corporations including Mastercard, the educational products provider Scholastic, and Vodacom, a subsidiary of the mobile phone operator Vodafone (McGoey, 2015, pp. 81–82, 113–147).

While there is nothing new in the claim to the widespread social benefits of wealth creation – a concept that has been central to perceptions of market capitalism since the eighteenth century – McGoey (2012, p. 187) argues that what *is* new about philanthrocapitalism is the *celebration* of this claim, manifest in 'the openness of personally profiting from charitable initiatives, an openness that deliberately collapses the distinction between public and private interests in order to justify increasingly concentrated levels of private gain'. Below, we will argue that this 'collapsing' of public and private interests is mirrored in literature produced by wealth managers and philanthropy advisors to promote family philanthropy as a tool for managing inheritance processes. In the strategies designed by advisors, however, this discourse is not directed outwards towards the public realm, but is rather focused *inwards* towards the private realm of the family. Here, these ideas serve as tools to help wealthy families navigate the sensitive, affective aspects of inheritance and family business succession that must be carefully managed if they are to protect their wealth and achieve their dynastic goals.

## Frameworks and methods

We did not set out to research the relationship between philanthropy and inheritance processes. Rather, this topic emerged during conversations on the connections between our individual research projects, on the philanthropy of wealth elites in Brazil and the UK (Sklair) and the work of family offices in Europe (Glucksberg). Both of these projects had combined ethnographic fieldwork with formal and informal interviews. For the former, a total of 79 interviews were carried out between 2008 and 2010 (with philanthropists, philanthropy advisors and foundation staff in São Paulo, Rio de Janeiro and London). Research for Glucksberg's project was carried out between 2016 and 2017 in London and Switzerland, and interviews were conducted with a total of 19 people working in family offices or in advisory firms providing these offices with auditing and consulting services. The principal findings of these research projects are discussed elsewhere (see Glucksberg, 2014, 2016, 2018; Glucksberg & Burrows, 2016; Sklair, 2017, 2018).

While the interface between philanthropy and inheritance in wealth management strategies was not an initial focus for either of our projects, this theme emerged during both in different ways. While seeking out philanthropy advisors to interview in Brazil and the UK, Sklair had often found herself directed to banks and financial institutions, to speak with members of their resident 'wealth governance services' teams (Sklair, 2017, pp. 218–228). In addition, she had repeatedly been told by members of business families of the important role played by philanthropy in helping them manage family business succession processes (see Sklair, 2018). Meanwhile, in encounters with wealth managers at the helm of family offices in Switzerland and the UK, kinship and inheritance had emerged as central themes for Glucksberg's (2016) analysis of the role played by family offices in managing their clients' wealth. What connections could be drawn, we wondered, between a growing industry of wealth managers primarily concerned with helping their clients manage succession processes, and a growing trend for these wealth managers to include philanthropy advising in the slate of services on offer to their clients? Were wealth managers really offering up philanthropy as a tool for managing inheritance in elite families? And if so, why?

Concerned with these questions, we decided to conduct a review of literature produced specifically on this theme by wealth managers and dedicated philanthropy advisors in the countries in which we had carried out our research (the UK, Brazil and Switzerland). We focused on literature produced by organisations we had encountered during our fieldwork, or had heard referred to in the field as leading influencers or service providers to the wealthy families that had participated in our studies. We also looked at literature from global and USA based organisations referred to by our research participants.<sup>1</sup> Our analysis supplements this review with observations from fieldwork conducted for our own research projects.

There has been much discussion on the slippery terminology and characteristics used to define elites, and the relationship of this categorisation to theories of class, not least in the pages of this journal (see Skeggs (Ed.), 2015). By focusing, in this article, on the advice provided to the super-rich by wealth managers and philanthropy advisors, we approach the definition and theorisation of 'elite' as a category of study from an unusual perspective: that of two overlapping industries that have the provision of services to



elites as their principal objective. While there are few available data on the size and client base of the global philanthropy advising industry, data on the wealth management industry provide us with a demographic framework (albeit still a slippery one) for our study. The client base of the wealth management industry is concentrated among ‘ultra high net worth individuals’ (UHNWIs), who, according to data provided by Capgemini’s annual *World Wealth Report* (2018, p. 7), are categorised as those in possession of investable wealth to the value of US\$30 million or more. According to the latest report (2018, p. 11), this group currently numbers 174,800 individuals globally. These super-rich elites may either seek the services of wealth management firms, or assemble their own team of wealth managers to create a bespoke Family Office dedicated exclusively to their family’s financial affairs. Research data collected by Glucksberg suggest that a family usually needs to be worth at least US\$100 million to join a Multi Family Office (which as the name suggests serves a small number of families), and at least US\$250 million to create a Single Family Office. Harrington (2016, pp. 11–12) reports that the global wealth management industry as a whole manages up to US\$21 trillion in private wealth for these individuals and their families.

By examining the ways in which wealth managers and philanthropy advisors in different countries write about inheritance and philanthropy, we seek to understand the global nature of emerging strategies for the preservation of wealth in elite families.<sup>2</sup> While we are fully in agreement with Cunningham and Savage’s (2015, p. 324) critique of the idea of a ‘placeless elite’, which stresses the need to locate elite practice and influence in the specific geographies in which they occur, we would also argue for the necessity of better understanding the shared discourses and practices that are fuelling what is clearly a global project of increased accumulation of wealth among the super-rich. This global focus does not preclude awareness of the myriad differences that mark both inheritance and philanthropy across the countries – Brazil, the UK, the USA and Switzerland – that appear throughout this article. Piketty (2014, p. 428), for example, has highlighted differences in inheritance flows and their relevance for wealth distribution over the last century in Europe and the USA, while Brühlhart et al. (2018) provide further analysis for the case of Switzerland. In parallel, the philanthropic sectors of these four countries vary in terms of scale and structure (see Johnson, 2018, for an overview). Different national histories of philanthropy and its role in cementing elite power have been explored by Reich et al. (2016) in the USA, Von Schnurbein and Bethmann (2015) in Switzerland and Sklair (2017) in a comparative study of philanthropy in Brazil and the UK. Despite these differences, however, wealth managers across these countries appear – as demonstrated below – to share remarkably similar discourses on the relationship between philanthropy and inheritance.

In addition, we recognise that our focus on advisors to the rich poses limits to our analysis. We have not been able to examine the extent to which elite families actually follow wealth managers’ advice on philanthropy and inheritance, or the true ‘success’ of this advice in helping families keep their fortunes intact as they pass down generations. What we are able to do here, however, is to identify a discourse on philanthropy and inheritance, sold to and bought by elite families (quite literally, through their purchasing of advisory services). We hope our observations will serve as a starting point for further enquiry into what we believe is an important and underexplored aspect of the study of wealth elites.

## **The affective work of inheritance: Where wealth management meets philanthropy advice**

At an event organised by the Brazilian branch of the Family Business Network in São Paulo, Sklair (co-author of this article) listened as the founder of a prominent Brazilian television network gave an enthusiastic PowerPoint presentation on the objectives and achievements of his family's latest succession planning retreat. He commented proudly on photographs of members of three generations of the family, wearing identical family-retreat themed t-shirts, printed up especially for the occasion. Anyone accustomed to the world of family business advising (part of a broader slate of offerings within the wealth management industry) would see nothing unusual in this kind of encounter, except that Sklair was not researching wealth management or succession planning. She was in fact seated next to a Brazilian philanthropy advisor, who had invited her to the event. It seemed clear from this – and similar fieldwork encounters – that the realms of wealth management and philanthropy advising were in some way overlapping. In this section, we will look at both of these industries to examine where this overlap takes place.

In her pioneering study of global wealth managers, Brooke Harrington (2016, p. 7) explains that the services offered by these professionals fall broadly into the categories of 'tax reduction, avoidance of regulation, control of a family business, inheritance and succession planning, investment and charitable giving'. These activities go hand in hand as wealth managers pursue their central objective of defending their clients' assets 'from dissipation at the hands of tax authorities, creditors, and heirs' (Harrington, 2016, p.10). The role of wealth managers in driving capital accumulation among the super-rich by aiding their clients with the practicalities of this project should not be underestimated. Using global tax data, Zucman et al. (2015) estimate that around 8% of global financial assets of households, or US\$7.6 trillion, are hidden in tax havens. Wealth managers play a central role in designing and facilitating the various mechanisms by which the super-rich are able to avoid their fiscal responsibilities.

If tax collectors represent one threat to the preservation of elite family capital, reluctant heirs – as mentioned above – represent another, and a large part of wealth managers' work is dedicated to helping the wealthy instil in their children a sense of familial duty to protect inherited assets. At an international conference for family office professionals attended by Glucksberg (co-author of this article), one speaker stressed that the chances of families managing to pass on their wealth to their children successfully were precariously slim, and that only 10% of them would actually manage this feat. Strategies that could be used by family offices to help their clients manage succession processes were a central focus throughout the conference. Harrington (2016, p. 207) has noted, in fact, that 'Piketty and colleagues have shown that the economic significance of inheritance began its resurgence in the 1980s, coinciding roughly with the professionalization of wealth management', suggesting that contemporary elite families that have been successful in managing succession processes have been highly dependent on the services of wealth managers to help them do so.

Wealth managers' work covers both the transactional-legal and intimate-affective aspects of helping wealthy families to manage inheritance. At the conference mentioned above, one speaker asserted that 'the most successful families preserve their wealth by



focusing on the human capital as much as they focus on financial capital'. When asked what the difference was between managing corporate and family affairs, another speaker insisted that it was *emotions*. Boards of corporations tend to act rationally, he claimed, but for families the emotional baggage was substantial, and the role of a family office was to manage the relationships between the entities of family, business, trusts, boards, and so on. For the wealth managers at the helm of family offices, the notion that kinship and finance are intertwined and inseparable concepts in wealthy families – and that these spheres must be treated as such in order to ensure preservation of wealth as it moves down generations – is clearly a guiding principle.

Like wealth managers, philanthropy advisors also source their clients from among the global elite. While most philanthropy advisory organisations are located in the USA, this sector is also substantial in the UK,<sup>3</sup> and has been growing in other countries around the world since the 1990s in line with increased interest in corporate social responsibility (CSR) and corporate philanthropy (Sklair, 2017, pp. 53–63, pp. 73–82).<sup>4</sup> Over this period, the sector has become an increasingly visible and influential arena for defining the direction of philanthropic practice among contemporary global wealth elites. Philanthropy advisors fall broadly into two (sometimes overlapping) categories. Those in the first, which might be termed 'beneficiary-focused',<sup>5</sup> are broadly concerned with helping philanthropists to meet their funding objectives more strategically, and thus with making philanthropy more effective. These philanthropy advisors offer private consultancy services, carry out research and advocacy on behalf of the sector, and run 'donor education' programmes on philanthropic strategy (Sklair, 2017, pp. 218–223).

Some philanthropy advisors, however, are employed directly by banks and financial advisory or wealth management firms. The services offered by these advisors are what we term 'donor-focused', and are framed around the benefits that philanthropy can bring to wealthy clients. These benefits are variously conceptualised in terms of 'tax efficient' giving, corporate and personal brand management, the search for meaning and impact in the spending of wealth, the creation of family legacies and the management of inheritance and family business succession processes. This was the context within which philanthropy services were offered by one private bank visited by Sklair during her research in London, where they sat alongside other 'wealth governance' services within the remit of the bank's Wealth Institute. As Sara,<sup>6</sup> a senior member of the philanthropy team, explained in interview, 'philanthropy is often positioned as part of a solution within broader work that we might be doing around succession planning and governance'.

In the work of 'donor-focused' philanthropy advisors found in banks and financial advisory firms, and of family offices looking for innovative ways to help families manage the intimate-affective aspects of inheritance processes, we see an overlap between wealth management and philanthropy advice. Indeed, literature from the philanthropy and wealth management sectors in the UK and the USA points to the high numbers of family offices engaged in philanthropy. Already in 2010, a report by British consultancy and think tank New Philanthropy Capital (NPC) and networking group Global Partnership Family Offices (Lomax et al., 2010, p. 3), on the 'giving and philanthropy advice needs of family offices' in the UK, found that 88% of the family offices responding to its survey gave to charity, and that they were 'also giving at considerable scale, with a quarter of interviewees giving between 5 and 10% of their total assets away, and 6% giving more

than 20% of their total assets to charity' (2010, p. 3). In light of these figures, the authors also note that, '60% of the interviewed private wealth advisors believed that philanthropy would become a core offering to clients within the next five years' (2010, p. 3).

An article published by Campden Wealth, a global research and advisory organisation providing services to family offices and family businesses, suggests that these figures reflect a global trend. Drawing on data from Campden Wealth's 2015 Global Family Office Report, the article's author notes that, 'thanks to an industry-wide feeling that philanthropy helps to engage the next generation, it is increasingly being tackled by the family office – a common training ground for future responsibilities of leadership' (Finnigan, 2016). Ernst & Young's Global Family Business Leader Peter Englisch (quoted in Andrews, 2015) also reports that 81% of large family businesses are engaged in charitable giving, and asks, 'ever wonder what holds the world's largest family businesses together? One word: philanthropy.' Below, we examine how this idea is elaborated.

### **Family philanthropy as a 'succession planning' strategy**

Wealth and philanthropy advisors writing in the global forums we examined are candid about the connection between philanthropic practice and the long-term financial objectives of their clients. Peter Englisch (in Andrews, 2015) reports that 'what these businesses know is that philanthropy is a key element in keeping the bonds of the family strong through generations (which also helps fuel profitable business growth)'. Meanwhile, Betsy Brill (2011), founder of Chicago-based philanthropic advisory practice Strategic Philanthropy, argues in an article for *Forbes* that 'multigenerational discussions about charitable giving plans and priorities can go a long way toward ensuring the successful transfer of wealth and the continuity of values'.

Rationalising the risks faced by elite families in ensuring their 'survival' (as discussed above), advisors note that as wealthy families expand down the generations, younger members may develop different interests and objectives to their parents and grandparents, and family members and spouses who do not hold executive positions in the family business may feel disconnected from both business and family. Such disconnect, advisors claim, poses a threat to both the continuity of businesses and the collaborative financial custodianship necessary to keeping family fortunes intact. In addition, elite families and their advisors are cognisant of other less benign threats to family 'survival'. Brooke Harrington (2016, pp. 87–88) reports that wealth managers'

... position of trust and intimacy with clients often makes [them] witnesses to some of the worst parts of family life. Many mentioned their distress at having to help clients disinherit their children and spouses. Nadia, a practitioner in Panama City, said with tears in her eyes that over the past thirty years of her career, 'I have watched families tear themselves apart over money. Tear themselves apart.'

While not often openly acknowledged, family feuds and rivalries are common among families of wealth, a fact regularly communicated to Sklair in whispered confidences during her fieldwork in Brazil and the UK. In the face of these perceived risks, philanthropy is styled as a gateway to the definition of inclusive family values that will

persuade disaggregated family members to rally around the shared project of their own familial and financial continuity. As one advisor argues, 'in a family business, there is a tricky balancing act between business objectives and family relationships, needs and desires. . . . In philanthropic endeavors, everyone can contribute and everyone is welcome' (Englisch, quoted in Andrews, 2015).

In addition, family philanthropy is promoted as an opportunity for teaching young inheritors to appreciate the privilege of wealth, and to inculcate ideals of responsibility around its stewardship. Advisor Betsy Brill (2011) argues that, 'involving children and grandchildren in philanthropic activities plays an important role in preparing younger generations for wealth and responsibility', an idea that also emerged during interview with the philanthropy services provider Sara (mentioned above). Sara noted that succession planning could be especially difficult for newly wealthy entrepreneurs. One client had come to her because his 14-year-old son had spent £2500 on his last mobile phone bill, and had told her 'I'm just absolutely appalled, this boy doesn't understand the value of money.' Sara explained that she often advised clients such as these that, 'if you want to talk about values – it's important to think about others, or hard work is important, or whatever else those values might be – philanthropy is a great way to embody those and to pass them on'.

Alongside these more conceptual objectives, philanthropy is promoted by advisors as a practical means for teaching financial management skills to young heirs. As one advisor suggests, for members of the next generation, 'philanthropy . . . can also be a training ground, encouraging their entrepreneurship and letting them dip a toe into business waters' (Englisch, quoted in Andrews, 2015). To these ends, wealthy parents are encouraged to engage older children directly in the family's philanthropic decision-making processes, to provide them with mini-funds of their own to dabble in grant-making, or to set aside discretionary funds within family foundations over which members of younger generations can have autonomous control. For younger children, regularly putting aside a percentage of pocket money to make charitable donations is considered an ideal way of introducing the concept of philanthropy (see e.g. Brill, 2011; Moore Stephens, 2016, p. 11).

A further perceived benefit of philanthropy is its role in the building of reputation and legacy for wealthy families. On the website of the Brazilian *Instituto para o Desenvolvimento do Investimento Social* (Institute for the Development of Social Investment), we learn that,

Families that seek to structure their philanthropy . . . also open themselves up to the possibility of enhancing relationships among family members, strengthening and preserving values and, in addition, leaving a family legacy of social responsibility focused on impacting and transforming society.<sup>7</sup>

To these ends, families are encouraged to engage all generations in the definition of philanthropic family values, and to do so while older members of the family are still alive. Members of the family's 'first generation' are enjoined to tell stories of the family's history, and to share the challenges and experiences that have guided their life trajectories. Philanthropy advisor Betsy Brill (2011, p. 1) explains that,

. . . one of my clients recently wrote a letter to each of his grandchildren describing the motivations behind his philanthropy. . . . His teenage grandchildren were deeply affected by the

stories he shared, of his own struggles with poverty and of the organizations that helped his family when they first arrived in the United States. Letters such as these can foster meaningful dialogue across generations and help guide the continuation of family philanthropy.

Advisors also recommend that families engaged in inheritance and family business succession processes organise regular family ‘retreats’, to collaborate around the design of succession strategies. In order to manage inevitable family conflict, these meetings are usually facilitated by the family’s advisors. In Brazil, participants in Sklair’s ethnographic study – owners of a prominent sugar and ethanol producing conglomerate – described their experience of holding such meetings over several years, attended by 16 family members from three generations. Echoing the common fear among wealthy families discussed above, one family member explained that she and her sisters-in-law had made a pact to make sure ‘the family was never torn apart by fighting’.<sup>8</sup> Retreats were designed, she said, to avoid such a rift, and to help the family’s youngest generation prepare for inheriting the family firm, even if that ‘felt like a weight on their shoulders’. It was important, she stressed, for younger members to ‘cultivate cohesion’ between the past and the future, and between the ideas of ‘me, the family nucleus and the business’, in order to feel ‘proud of being part of the family and the business’. Essential to this process, she noted, was the family’s ability to communicate to its younger generations the socially responsible values embodied in their history, and the contemporary expression of these values in the philanthropic activities carried out by the family business’s foundation.

Through the practice of family philanthropy, wealth managers and their clients thus strive towards a sanctified vision (McGoey & Thiel, 2018) of the idealised wealthy family. In sharp contrast to the troubled families alluded to in both the literature and in our fieldwork – who find themselves ‘torn apart’ by feuding over inheritance – this idealised family is unified in its parallel commitment to benevolent, philanthropic values and to the preservation of its own dynastic capital. This vision is depicted in family foundation and business consultant Kelin Gersick’s (2006, p. 93–94) description of the ‘classic dream of family philanthropy’, in which:

Relatives bring their best selves into a room to work together. They listen, express their opinions, make reasoned arguments and find compromises, honour their parents and provide extraordinary models for their children. . . . Cousins get to know one another. Grandchildren and great-grandchildren hear about their ancestors and learn what their family stands for. And the community sees that this is a family of quality, not just wealthy but generous, and unified in fulfilling its responsibilities.

Of central importance to this vision – and clearly reflecting the discourse of philanthrocapitalism discussed at the beginning of this article – is the role played by family philanthropy in legitimising private wealth. As seen in Gersick’s comments above, philanthropy enables elite families to demonstrate that they are ‘not just wealthy but generous’, thus recasting the accumulation of family wealth as a benevolent act. This idea is elaborated explicitly by philanthropy advisor Betsy Brill (2011), who notes that:

The families I work with often find that philanthropy is an excellent way to teach the next generation about financial stewardship in the context of giving back. . . . Research consistently

indicates that proper modelling of family philanthropy can help children understand wealth not as an identity but rather as a tool they can use to make the world a better place.

In this self-conscious styling of wealthy families in the philanthropic image, inheritance is thus redefined as an act of social responsibility, and elite heirs are enjoined to see themselves as custodians of both private capital *and* the common good.

## Conclusion

Led by Piketty (2014), recent work on economic inequality has shown that inheritance still plays a central role in driving the accumulation of wealth among elite families. Anthropologists such as Yanagisako (2015), however, have argued that inheritance processes in wealthy families are often attended by laboured strategies rooted in affective relations of kinship, which have so far received little attention within elite studies. In this article we have examined one of these strategies: the promotion of family philanthropy as a tool to aid inheritance and family business succession processes among the elite.

We have highlighted how this wealth management strategy enables elite families to provide younger generations with a legitimising discourse for the accumulation of wealth, based on a philanthropic imaginary that posits inheritance as both a family duty and a social responsibility. Drawing on analysis of the role played by philanthrocapitalism in attempts by the super-rich to legitimise their wealth in the public sphere (see e.g. McGoey & Thiel, 2018), we have argued that the promotion of philanthropy as a succession planning strategy mirrors the discourse of philanthrocapitalism, turning its rationale inwards towards the private sphere of the wealthy family. The parallel deployment of this philanthropic discourse in the public and private spheres in which elites circulate reinforces attempts to legitimise the accumulation of wealth among the super-rich; a process that serves to obscure the ways in which growing wealth accumulation drives the widening chasm of economic inequality seen around the globe.

In drawing attention to the ways in which wealth managers and philanthropy advisors weave this discourse into strategies to help wealthy families preserve and grow capital as it moves down generations, this article thus builds on the growing body of sociological and anthropological work on wealth elites and inequality. We have argued that, alongside indispensable analysis of the mechanics of capital flows, research into affective strategies for the accumulation of wealth – such as those centred on kinship and a discursive ethics of the ‘common good’ – is also key to a better understanding of the ascension of the super-rich in contemporary society.

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## Notes

1. The literature on which we draw in this article is collected from the websites of the following wealth management service providers and philanthropy advisory organisations (or from articles written by their staff and published online in industry media forums): Campden Wealth (global); Ernst & Young (global); Fidelity Charitable (USA); Global Partnership Family Offices (UK); Institute for Family Business (UK); *Instituto para o Desenvolvimento do Investimento Social* (Institute for the Development of Social Investment) (Brazil); Moore Stephens (UK); New Philanthropy Capital (UK); PricewaterhouseCoopers (PwC) (global); Strategic Philanthropy (USA); and WISE Philanthropy Advisors (Switzerland).
2. Harrington (2016) and Kuusela (2018, p. 1173) have demonstrated the global reach and shared strategies of the contemporary wealth management industry, and of elite advisory and membership organisations such as the Family Business Network.
3. Breeze et al. (2015, p. 296) reported a total of 38 philanthropy intermediary organisations and individuals listed on the website of Philanthropy UK in 2012.
4. Philanthropic advisors (sometimes known as ‘philanthropoids’) also played an important role in the development of twentieth-century foundation philanthropy in the USA (see e.g. Howe, 1980; McGoey, 2015, pp. 15–16).
5. This distinction and the terms we use to describe it are ours, and are not used in the field.
6. Names of interviewees have been changed.
7. Retrieved from <https://idis.org.br/en/works.php>
8. Quotes in this section are authors’ translations from Portuguese.

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